

HOUSE BILL 803

C3
HB 1538/09 – HGO

01r2057

By: **Delegates Rudolph and Kullen**
Introduced and read first time: February 9, 2010
Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – High Deductible Plans and Limited Benefit Plans for**
3 **Uninsured Individuals**

4 FOR the purpose of authorizing a nonprofit health service plan to limit the issuance of
5 a certain high deductible health plan to certain uninsured individuals who are
6 residents of the State under certain circumstances; authorizing a nonprofit
7 health service plan to issue a certain limited benefit health insurance contract
8 to certain uninsured individuals who are residents of the State under certain
9 circumstances; requiring a limited benefit health insurance contract to comply
10 with certain requirements applicable to a certain health benefit plan and to
11 comply with certain provisions of law; requiring a nonprofit health service plan
12 to make a certain disclosure about a certain limited benefit health insurance
13 contract in a certain manner; requiring the Maryland Insurance
14 Administration, in consultation with a certain nonprofit health service plan, to
15 report certain information to the Governor and certain legislative committees on
16 or before a certain date; defining certain terms; providing for the applicability of
17 this Act; providing for the termination of this Act; and generally relating to high
18 deductible health plans and limited benefit health insurance contracts offered
19 by nonprofit health service plans to certain uninsured individuals who are
20 residents of certain counties.

21 BY adding to
22 Article – Insurance
23 Section 14–128
24 Annotated Code of Maryland
25 (2006 Replacement Volume and 2009 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
27 MARYLAND, That the Laws of Maryland read as follows:

28 **Article – Insurance**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 14-128.

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
3 MEANINGS INDICATED.

4 (2) "EVIDENCE OF INDIVIDUAL INSURABILITY" MEANS MEDICAL
5 OR OTHER INFORMATION THAT INDICATES HEALTH STATUS AND THAT IS USED
6 TO DETERMINE WHETHER COVERAGE OF AN INDIVIDUAL IS TO BE:

7 (I) ISSUED OR DENIED; OR

8 (II) ISSUED WITH OR WITHOUT AN EXCLUSIONARY RIDER.

9 (3) "HEALTH BENEFIT PLAN" HAS THE MEANING STATED IN §
10 15-1301 OF THIS ARTICLE.

11 (4) "HIGH DEDUCTIBLE HEALTH PLAN" MEANS AN INDIVIDUAL
12 HEALTH INSURANCE CONTRACT THAT SATISFIES THE REQUIREMENTS SET
13 FORTH IN § 223 OF THE INTERNAL REVENUE CODE.

14 (5) "INDIVIDUAL HEALTH INSURANCE CONTRACT" MEANS A
15 HEALTH BENEFIT PLAN THAT IS ISSUED OR DELIVERED IN THE STATE TO A
16 QUALIFYING INDIVIDUAL WITHOUT EVIDENCE OF INDIVIDUAL INSURABILITY.

17 (6) "LIMITED BENEFIT HEALTH INSURANCE CONTRACT" MEANS
18 AN INDIVIDUAL HEALTH INSURANCE CONTRACT THAT PROVIDES HEALTH
19 INSURANCE BENEFITS, BUT IS NOT REQUIRED TO PROVIDE ALL THE BENEFITS
20 REQUIRED UNDER TITLE 15, SUBTITLES 7 AND 8 OF THIS ARTICLE.

21 (7) "QUALIFYING INDIVIDUAL" MEANS AN INDIVIDUAL WHO:

22 (I) IS A RESIDENT OF THE STATE;

23 (II) DOES NOT QUALIFY FOR:

24 1. A PUBLIC OR PRIVATE HEALTH BENEFIT PLAN;

25 2. AN EMPLOYER-SPONSORED HEALTH BENEFIT
26 PLAN;

27 3. MEDICARE;

28 4. MEDICAID; OR

1 **5. TRICARE; AND**

2 **(III) HAS BEEN UNINSURED FOR AT LEAST 12 MONTHS**
3 **IMMEDIATELY BEFORE THE DATE THE INDIVIDUAL APPLIES FOR COVERAGE**
4 **UNDER:**

5 **1. A HIGH DEDUCTIBLE HEALTH PLAN; OR**

6 **2. A LIMITED BENEFIT HEALTH INSURANCE**
7 **CONTRACT.**

8 **(B) A NONPROFIT HEALTH SERVICE PLAN MAY LIMIT THE ISSUANCE OF**
9 **A HIGH DEDUCTIBLE PLAN TO:**

10 **(1) QUALIFYING INDIVIDUALS; OR**

11 **(2) QUALIFYING INDIVIDUALS AND THEIR FAMILY MEMBERS.**

12 **(C) (1) A LIMITED BENEFIT HEALTH INSURANCE CONTRACT MAY BE**
13 **ISSUED BY A NONPROFIT HEALTH SERVICE PLAN IF THE LIMITED BENEFIT**
14 **HEALTH INSURANCE CONTRACT IS ISSUED TO PROVIDE HEALTH COVERAGE**
15 **ONLY FOR:**

16 **(I) QUALIFYING INDIVIDUALS; OR**

17 **(II) QUALIFYING INDIVIDUALS AND THEIR FAMILY**
18 **MEMBERS.**

19 **(2) A LIMITED BENEFIT HEALTH INSURANCE CONTRACT SHALL**
20 **COMPLY WITH ALL REQUIREMENTS APPLICABLE TO A HEALTH BENEFIT PLAN**
21 **ISSUED BY A NONPROFIT HEALTH SERVICE PLAN EXCEPT THE PROVISIONS OF**
22 **TITLE 15, SUBTITLES 7 AND 8 OF THIS ARTICLE.**

23 **(3) NOTWITHSTANDING PARAGRAPH (2) OF THIS SUBSECTION, A**
24 **LIMITED BENEFIT HEALTH INSURANCE CONTRACT SHALL COMPLY WITH §§**
25 **15-802, 15-812, 15-815, 15-830, 15-831, 15-832, AND 15-833 OF THIS**
26 **ARTICLE.**

27 **(4) A NONPROFIT HEALTH SERVICE PLAN SHALL DISCLOSE IN**
28 **THE LIMITED BENEFIT HEALTH INSURANCE CONTRACT AND IN MARKETING**
29 **MATERIAL PROVIDED TO EACH QUALIFYING INDIVIDUAL THAT THE LIMITED**
30 **BENEFIT HEALTH INSURANCE CONTRACT DOES NOT PROVIDE COMPREHENSIVE**
31 **HEALTH COVERAGE OR ALL THE BENEFITS REQUIRED IN A HEALTH INSURANCE**
32 **CONTRACT ISSUED IN THE STATE THAT IS NOT A LIMITED BENEFIT HEALTH**
33 **INSURANCE CONTRACT.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before January 1,
2 2013, the Maryland Insurance Administration, in consultation with a nonprofit health
3 service plan that issues high deductible health plans and limited benefit health
4 insurance contracts under § 14–128 of the Insurance Article, as enacted by Section 1 of
5 this Act, shall report to the Governor and, in accordance with § 2–1246 of the State
6 Government Article, the Senate Finance Committee and the House Health and
7 Government Operations Committee on the number of individuals who receive health
8 care coverage under a plan or contract issued under § 14–128 of the Insurance Article.

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to all
10 high deductible health plans and all limited benefit health insurance contracts that
11 are issued or delivered by a nonprofit health service plan in the State on or after
12 July 1, 2010.

13 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 July 1, 2010. It shall remain effective for a period of 3 years and, at the end of June 30,
15 2013, with no further action required by the General Assembly, this Act shall be
16 abrogated and of no further force and effect.